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THE BABCOCK & WILCOX COMPANY

SEVENTY-FIFTH ANNUAL REPORT

1955

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DIRECTORS

A. G. Pratt, *Chairman*
E. G. Bailey
Edward L. Cochrane
Alfred Iddles
E. A. Livingstone
Paul D. Merica
C. W. Middleton
M. Nielsen
Stoddard M. Stevens
B. A. Tompkins
John C. Traphagen

OFFICERS

Alfred Iddles, *President*
M. Nielsen, *Executive Vice President*
C. H. Gay, *Vice President*
Edward A. Livingstone, *Vice President*
W. T. McCullough, Jr., *Vice President*
Alan E. Phin, *Vice President*
W. H. Rowand, *Vice President*
W. D. Sullivan, *Vice President*
W. J. Thomas, *Vice President*
L. S. Wilcoxson, *Vice President*
W. C. Buchanan, *Vice President—Consultant*
P. H. Forbes, *Comptroller*
W. G. Dryden, *Secretary and Treasurer*
R. J. Cantwell, *Assistant Comptroller*
N. K. Feldman, *Assistant Comptroller*
R. D. Wing, *Assistant Comptroller*

General Offices—161 East 42nd Street, New York 17, New York

Stock Transfer Agent—Bankers Trust Company, 16 Wall Street, New York 15, New York

Registrar—The Bank of New York, 48 Wall Street, New York 15, New York

General Counsel—Sullivan & Cromwell

Auditors—Price Waterhouse & Co.

THE BABCOCK & WILCOX COMPANY

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31

1955

CONTENTS

PAGE	
2	Highlights of 1955
3	President's Letter
4	1955 In Review
13, 15	Ten-Year Charts
17	Financial Statements
20	Ten-Year Comparative Statements
24, 25	Facilities and Products

HIGHLIGHTS
1955-1954-1953

	1955	1954	1953
Sales (Shipments)	$233,291,460	$250,471,178	$305,745,916
Income before U. S. and Canadian taxes on income and minority interest	30,197,477	30,855,234	26,950,294
Income for the year	13,486,717	15,211,990	12,061,389
Dividends declared—Cash	4,900,623	3,111,508	2,963,342
Dividends declared—Stock	7,470,000	4,500,000	2,810,000
Amount added to Retained Earnings	1,116,094	7,600,482	6,288,047
Stockholders' equity	117,214,593	106,378,499	94,278,017
Per Share outstanding December 31, 1955			
Income for the year	$8.26	$9.31	$7.38
Cash dividends declared	3.00	1.90	1.81
Stock dividends declared	5%	5%	5%
Stockholders' equity	71.75	65.12	57.71
Expenditures for property, plant and equipment	12,641,142	3,792,258	7,492,766
Depreciation and amortization	6,249,695	5,233,693	4,410,203
Net property, plant and equipment	40,657,196	34,289,028	35,815,667
Working Capital	85,300,079	80,969,463	66,912,592
Short term bank loans	None	None	20,500,000
Long term borrowings	10,000,000	10,000,000	10,000,000
Payrolls, pensions, social security taxes, workmen's compensation and group insurance	97,212,278	93,842,675	110,649,001
Unfilled orders	213,456,000	129,464,000	187,736,000
Average number of employees during year	18,530	18,893	21,111
Number of stockholders	6,671	6,039	5,828
Number of shares of capital stock outstanding	1,633,541	1,555,754	1,481,671

President's Letter

To the Stockholders of
The Babcock & Wilcox Company

The Company is just rounding out the seventy-fifth year since it succeeded the partnership founded by George H. Babcock and Stephen Wilcox in 1867.

On the whole 1955 was a satisfactory year. While it is true that shipments of $233,291,000 and profit of $8.26 per share were both somewhat lower than in the previous year, it was the second most profitable year in our history and the backlog increased from $129,464,000 to $213,456,000.

The acquisition of the Milwaukee tubular products plant has further diversified operations which should have a stabilizing effect on future earnings. Other plant additions made or authorized are designed to increase capacity and improve efficiency.

Activity in the nuclear energy field is increasing at a rate that could not have been foreseen a few years ago. We are engaged in that business and have a contract from Consolidated Edison Company of New York for its large atomic energy power plant pictured in this report. The expenses of this new division, including research and development, are substantial. We do not expect it to operate profitably for several years to come but it is imperative for the Company to be fully abreast of the developments in this important field.

The volume of business available to the Company is increasing. It is recognized that a competent sales organization is necessary to meet the very active competition. It is essential that the Company grow as its business increases. We should not only continue to do in a bigger way the things we have always done, but we should constantly study the future needs of our customers and seek to develop equipment and services that are needed. To do this it is essential that we continue our planned program of investing in plants, machinery, engineering and research.

The immediate and long term prospects for new business are encouraging but we do not believe there will be an appreciable increase in the volume of shipments until the latter part of 1956.

The Board of Directors has recommended that the stockholders, at their annual meeting on April 4, 1956, approve a three-for-one split of the outstanding shares.

FOR THE BOARD OF DIRECTORS

Alfred Iddles

Alfred Iddles
President

New York, New York
February 23, 1956

THE BABCOCK & WILCOX COMPANY

1955 *In Review*

The figures given in this report are those resulting from a consolidation of the parent company and its subsidiaries, Bailey Meter Company, Diamond Power Specialty Corporation and A. M. Lockett & Co., Ltd.

EARNINGS

Consolidated net income for 1955 is shown below in comparison with results for 1954 and 1953:

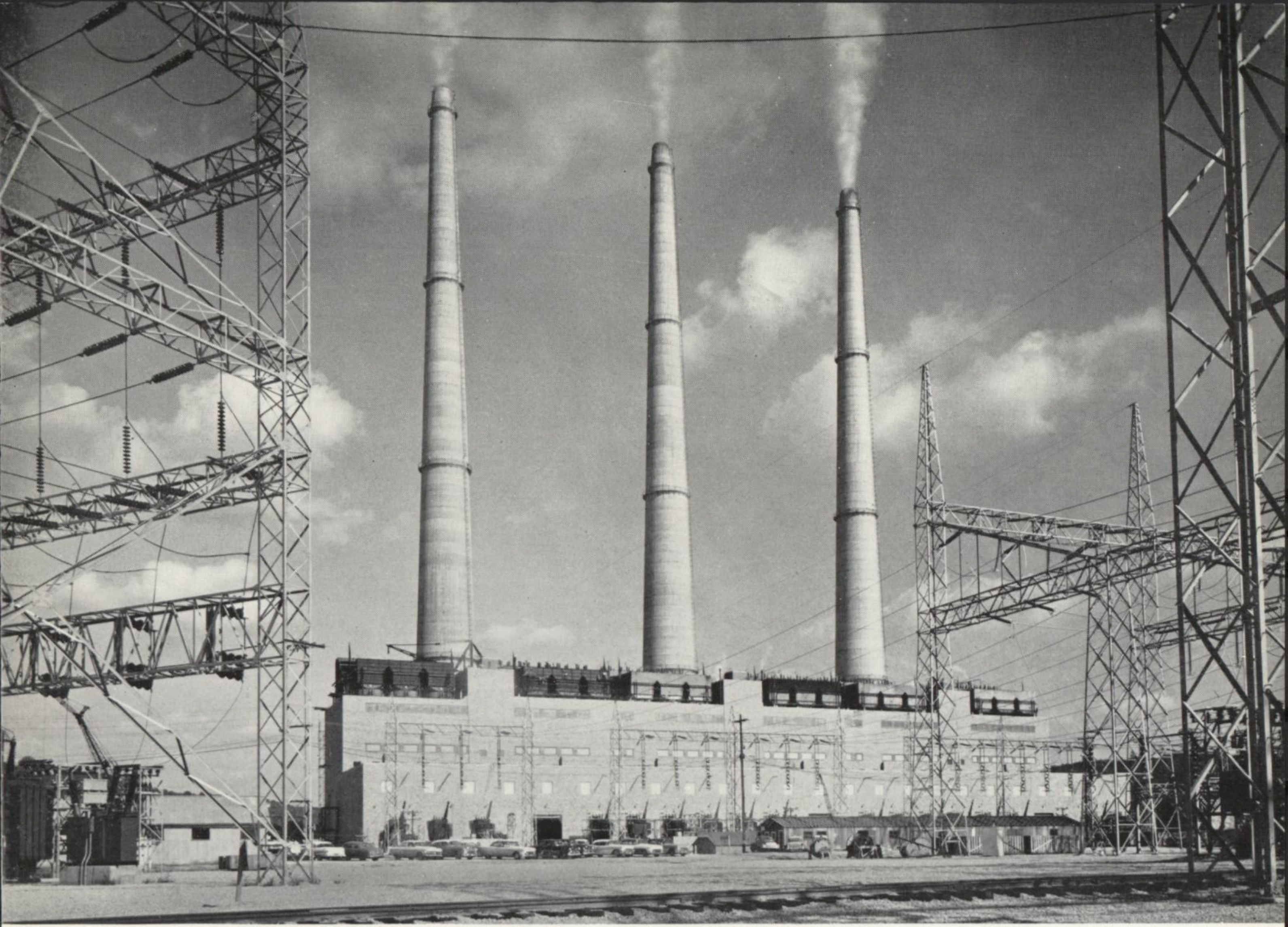
	1955	1954	1953
Net income . . .	$13,487,000	$15,212,000	$12,061,000
Earned per share* .	8.26	9.31	7.38

* Based on the 1,633,541 shares outstanding on December 31, 1955.

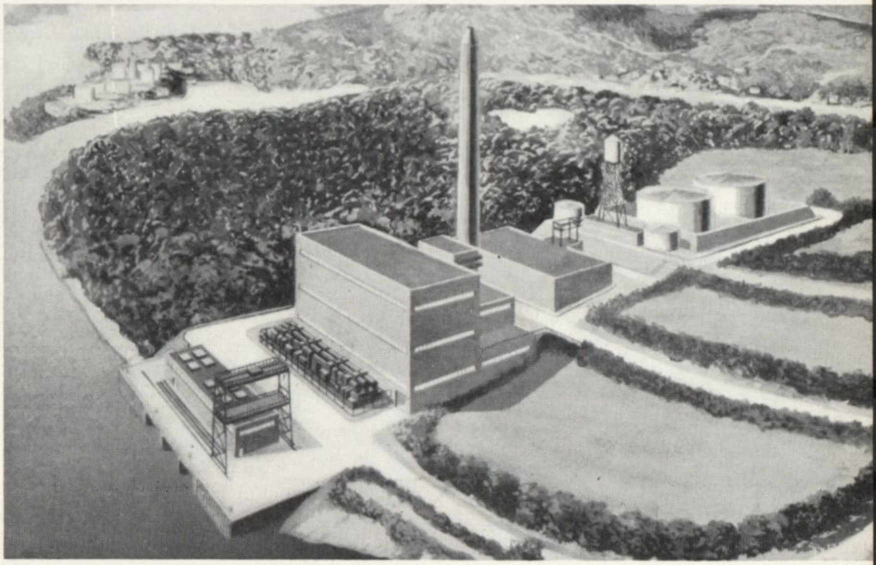
Sales value of products shipped during 1955 was $233,291,000 compared with $250,471,000 in 1954.

DIVIDENDS

Cash dividends declared during 1955 were increased to $3.00 per share. $2.00 per share had been declared each year from 1951 through 1954. In addition, a stock dividend of 5 per cent was declared payable January 4, 1956 to stockholders of record December



The two largest privately owned power plants in the world—the Clifty Creek Plant (1,290,000 kilowatts), pictured above, and the Kyger Creek Plant (1,075,000 kilowatts) —were completed in late 1955 and early 1956, substantially ahead of schedule. These plants are equipped with a total of eleven giant B & W boilers. Their annual output will supply the Atomic Energy Commission with a block of power equal to half the total produced in all of France. Fifteen leading utility companies joined forces, forming the Ohio Valley Electric Corporation and its subsidiary, Indiana-Kentucky Electric Corporation, to undertake this vast project.



Artist's conception of the 250,000-kilowatt Nuclear Steam-Electric Generating Plant to be built by the Consolidated Edison Company of New York on the Hudson River at Indian Point. B & W has been awarded the contract for the entire nuclear portion of the plant.

12, 1955. The payment of this stock dividend resulted in the issuance of 81,677 shares and the transfer of $7,470,000 from Retained Earnings to Capital Account. This is the fourth consecutive year in which a 5% stock dividend has been declared.

FINANCIAL POSITION

The Company remains in a strong financial position as may be seen from the following comparisons:

	December 31, 1955	December 31 1954
Stockholders' equity	$117,215,000	$106,378,000
Working capital	85,300,000	80,969,000
Cash and Government securities .	22,989,000	27,389,000
Long term borrowings	10,000,000	10,000,000

Presently we have no short term borrowings but some temporary financing may be necessary later to provide for the expected increase in volume of shipments.

PROPERTY, PLANT AND EQUIPMENT

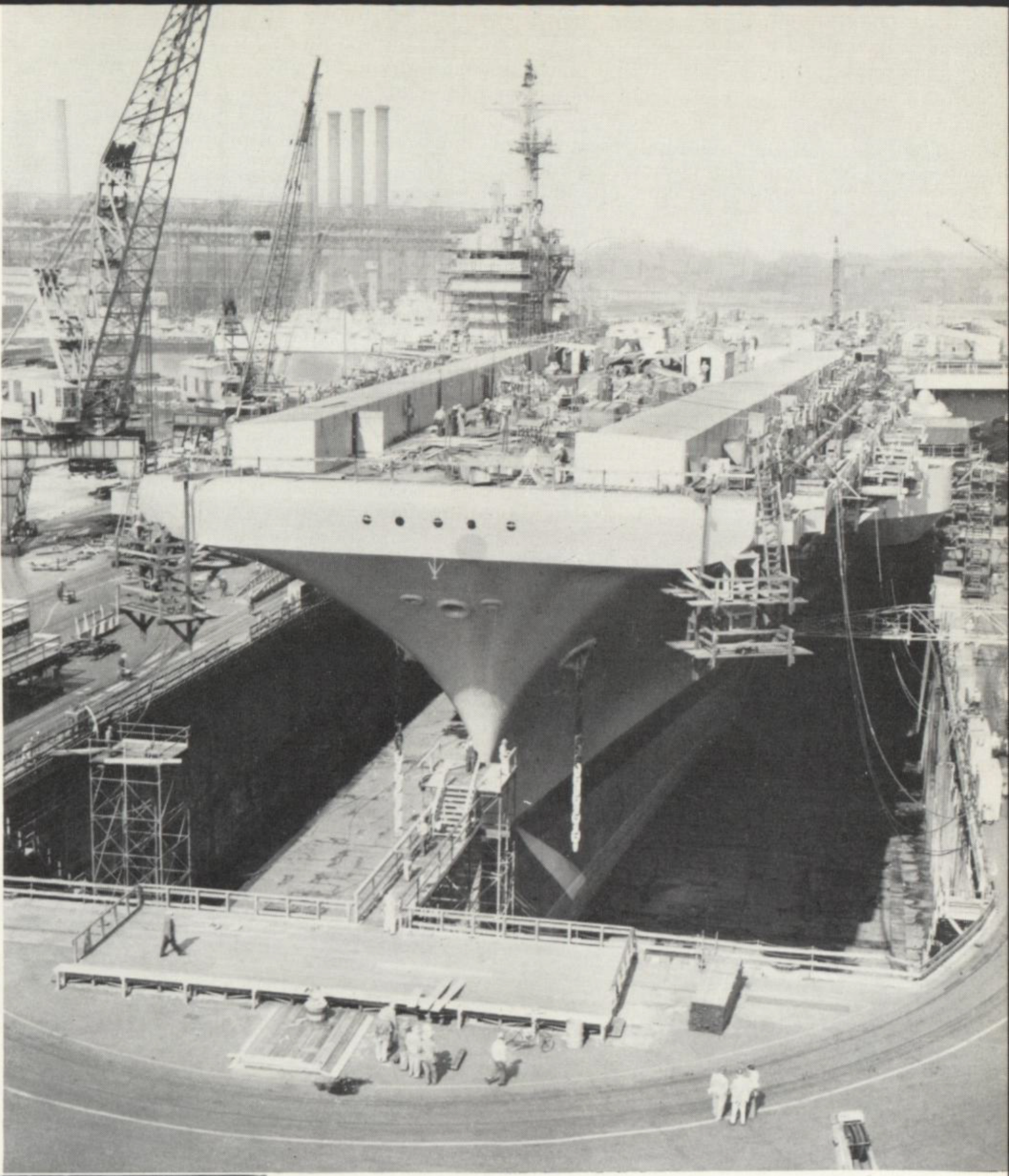
Expenditures during 1955 for property, plant and equipment amounted to $12,641,000; this total includes the cost of the Milwaukee plant acquired from Globe Steel Tubes Company. Unexpended appropriations authorized by the Board, at the end of the year totaled $9,810,000.

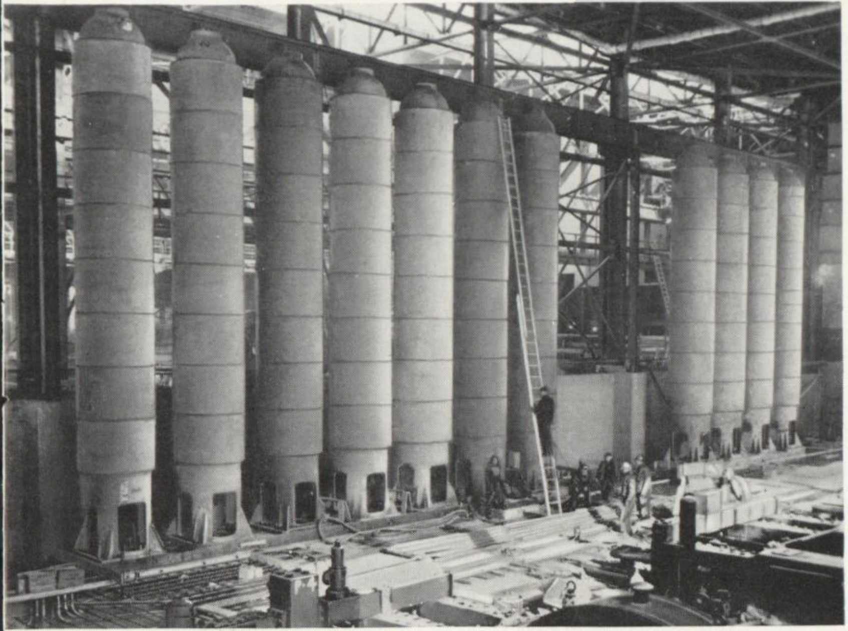
Amortization permitted over a five year period by Necessity Certificates amounted to a total of $15,247,000 at the end of 1955. The total amortization taken to that date was $9,668,000.

EMPLOYEES

Trust funds have been established for the Retirement and Pension Plans approved by the stockholders in April 1955. The total cost

The world's mightiest aircraft carrier, USS SARATOGA, is nearing completion at the New York Naval Shipyard, Brooklyn. Like her earlier namesake of World War II fame, this 60,000-ton fighting ship is equipped with special B & W marine boilers.





These towering pressure vessels are air hydraulic accumulators used for 35,000 and 50,000-ton die forging presses. They are examples of the equipment produced by the large press at our Barberton, Ohio Works. This B & W press, together with its associated draw-bench, also produces hollow forgings used for piping in many industries.

in 1955 for funding these plans was $2,924,000. This was $2,421,000 more than if we had continued to charge to expense only the actual pensions paid. This is because the funding plan relates to current and past services of active employees and is calculated by actuaries to provide, over the years, the funds for the pensions and retirement benefits payable in the future.

As a result of the establishment of these trust funds, the pension reserve of $2,250,000, set up some years ago, is no longer necessary and has been transferred to retained earnings.

Hospitalization, surgical and medical benefits programs, covering the majority of our employees, were placed in effect during the year at an estimated cost to the Company on a consolidated basis of $1,110,000.

During the year the Company employed an average of 18,530 persons. Employees were covered by $128,900,000 of group life insurance at the end of 1955.

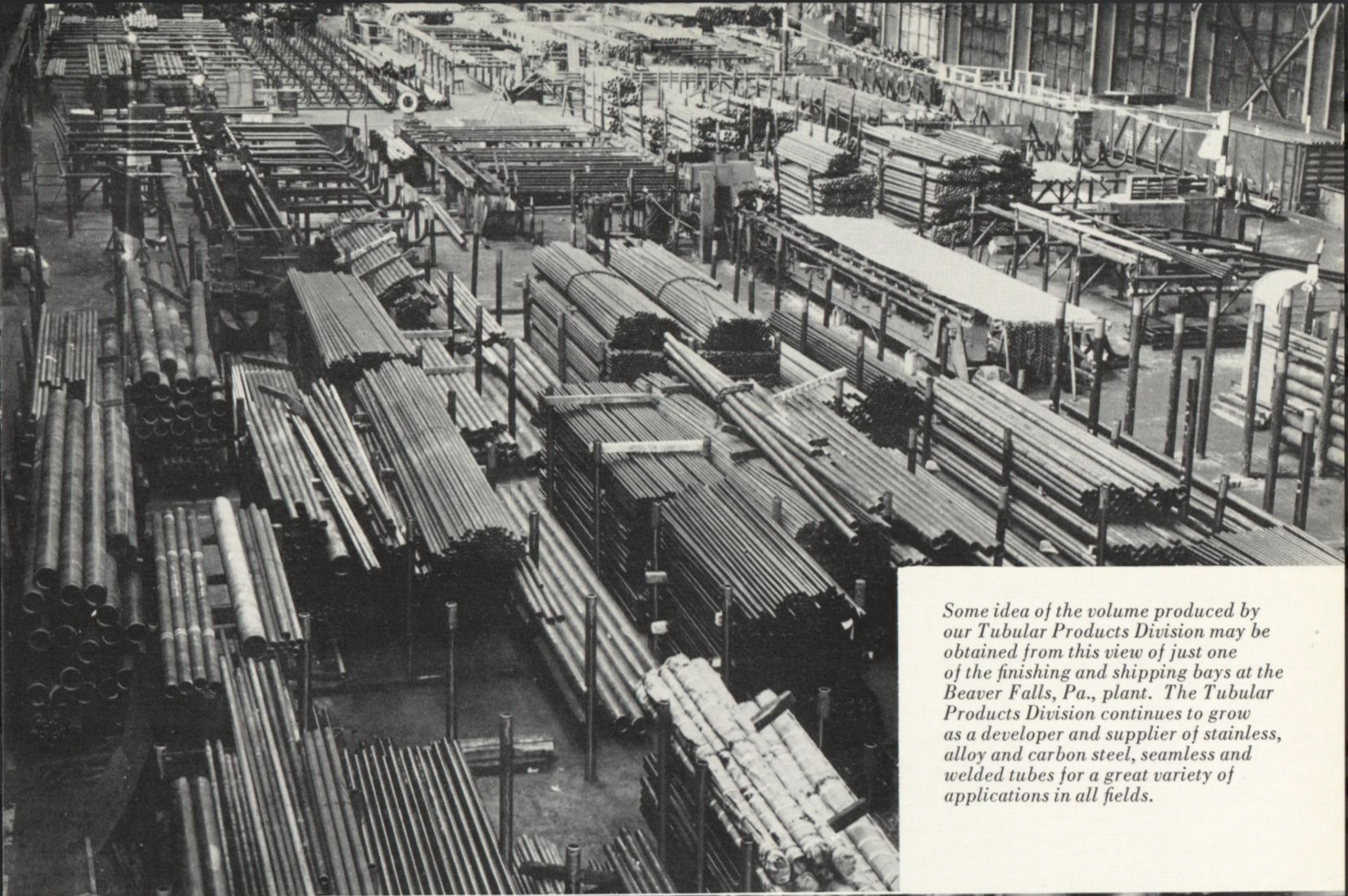
ORDERS

The following tabulation shows orders received, shipments and unfilled orders for the past three years.

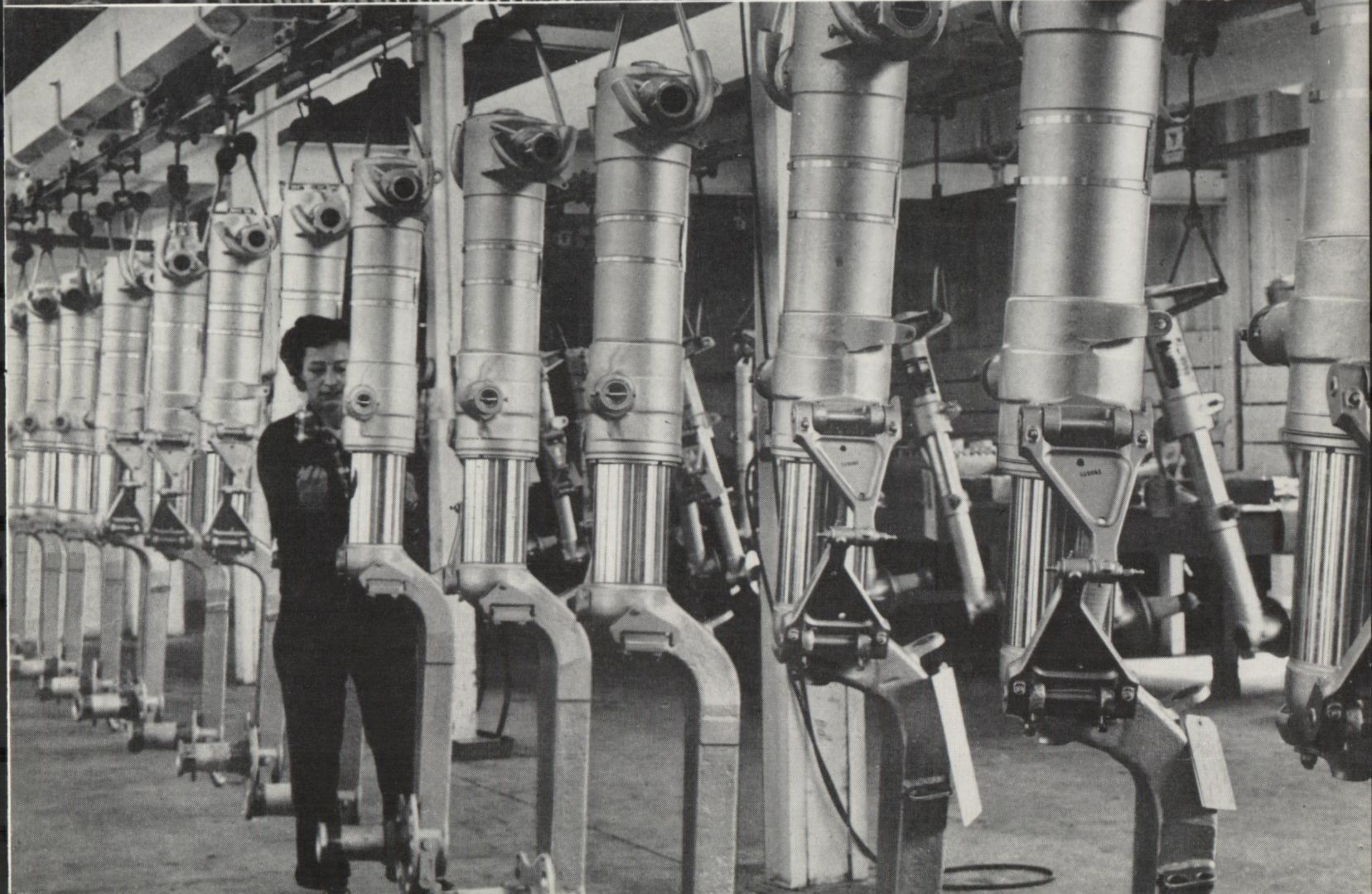
	Orders Received	Shipments	Unfilled Orders End of Year
1953 . . .	$157,255,000	$305,746,000	$187,736,000
1954 . . .	192,199,000	250,471,000	129,464,000
1955 . . .	317,283,000	233,291,000	213,456,000

It is expected that the backlog will continue to build up because the prospects are good for a considerable volume of new boiler business but shipments will not increase appreciably until the latter part of 1956.

The economic use of tubing to simplify fabrication of many items provides a major market for B & W mechanical tubing. The aircraft landing gear shown here are equipped with component parts which have been welded, forged and machined to various shapes from B & W aircraft quality alloy steel tubing.



Some idea of the volume produced by our Tubular Products Division may be obtained from this view of just one of the finishing and shipping bays at the Beaver Falls, Pa., plant. The Tubular Products Division continues to grow as a developer and supplier of stainless, alloy and carbon steel, seamless and welded tubes for a great variety of applications in all fields.



BOILER DIVISION

The new Boiler Division plants built in recent years will contribute to efficient production of the larger output expected before the end of 1956.

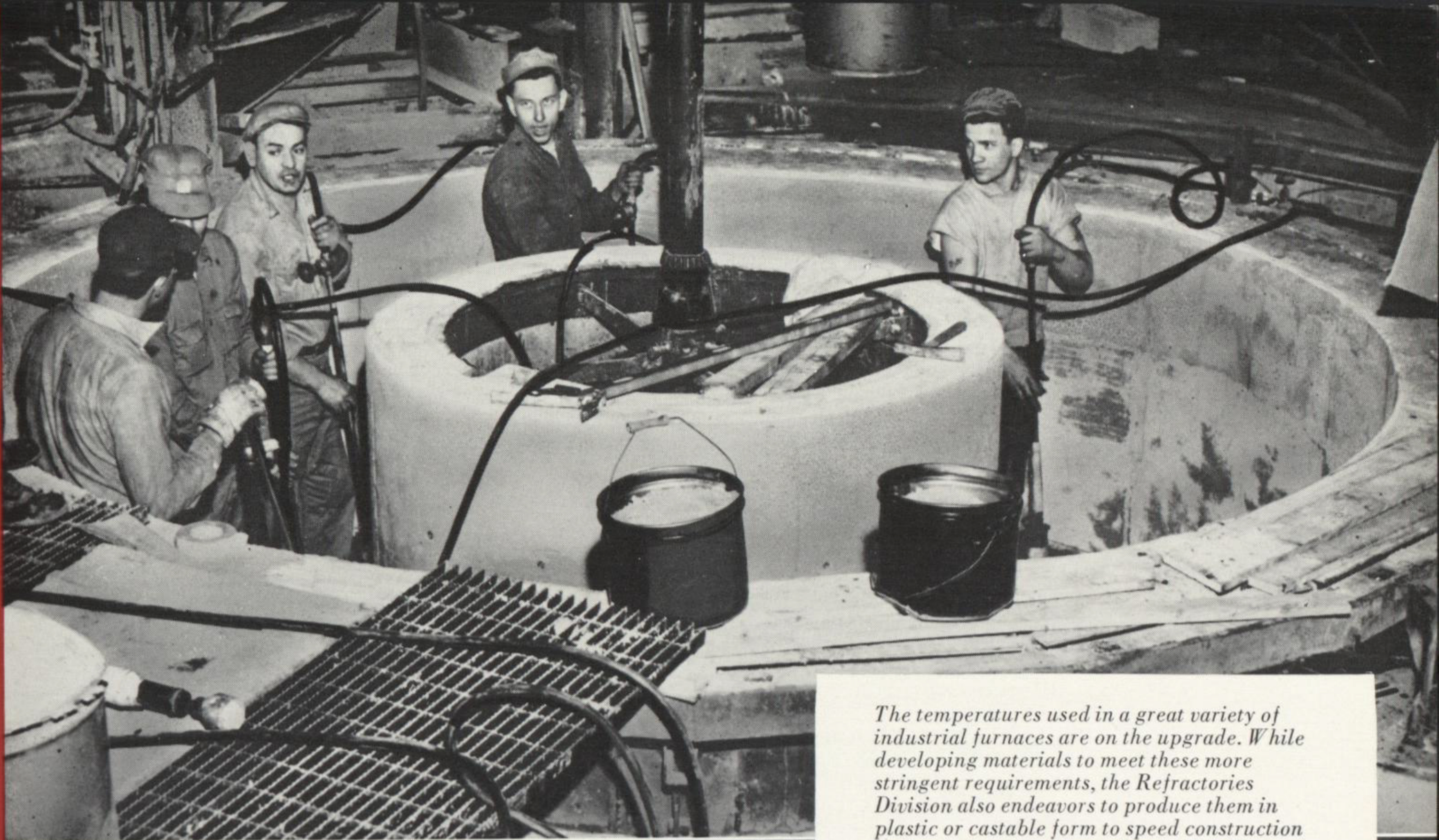
During 1955 the division completed and placed over 50 large utility boilers in operation to serve 5,750,000 kilowatts of electrical generating capacity. At the same time, nearly two hundred industrial boilers of all descriptions were placed in operation.

Components for the first commercial Supercritical Pressure Steam Generator—which will deliver steam at a pressure of 4,500 pounds per square inch—were shipped during the year. Erection is now in progress and the unit will be in operation sometime in 1956. This new type of boiler has aroused considerable interest because of the promise it holds for increasing efficiency of steam electric generating plants.

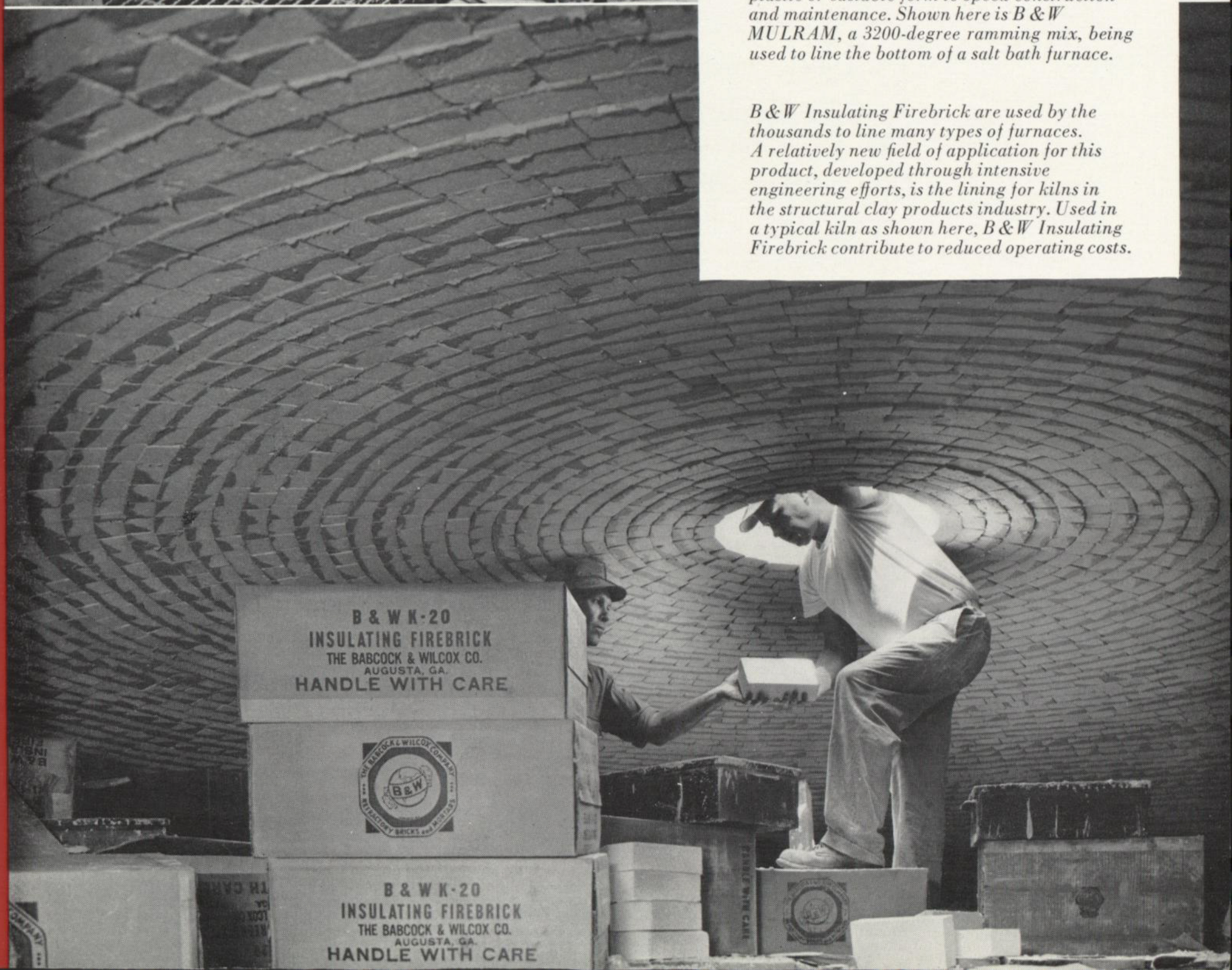
The large hydraulic press and drawbench installed at the Barberton, Ohio, Works of the Company is in full production bending heavy plates for pressure vessels and producing hollow forgings for heavy pipe and other industrial applications.

ATOMIC ENERGY DIVISION

While pursuing developments in steam generation by means of conventional fuels, the Company has also been active in the field of atomic energy. Since such a large part of the Company's business is the design and manufacture of complete steam generating units, it regards fissionable material as a new type of fuel to be utilized in the generation of power. Much of the equipment needed for atomic energy is an outgrowth of that which the Company has been building for decades. The general techniques, know-how and experience are to be found in the great body of engineers and technicians in our shops and laboratories. We, therefore, anticipate filling a role in the nuclear



The temperatures used in a great variety of industrial furnaces are on the upgrade. While developing materials to meet these more stringent requirements, the Refractories Division also endeavors to produce them in plastic or castable form to speed construction and maintenance. Shown here is B & W MULRAM, a 3200-degree ramming mix, being used to line the bottom of a salt bath furnace.



B & W Insulating Firebrick are used by the thousands to line many types of furnaces. A relatively new field of application for this product, developed through intensive engineering efforts, is the lining for kilns in the structural clay products industry. Used in a typical kiln as shown here, B & W Insulating Firebrick contribute to reduced operating costs.

power business similar to that which we now fill in the conventional power business. We will make complete nuclear steam generators—beginning with the fuel elements on through to the turbine throttle.

Early in 1955 we were awarded a contract for the nuclear portion of the Indian Point Nuclear Steam-Electric Generating Station of the Consolidated Edison Company of New York. This plant will be completely financed by private capital.

During 1955 the Company acquired a site near Lynchburg, Virginia, for a plant to fabricate fuel elements and conduct other atomic energy activities. This plant is now well on the way to completion and should be producing this year. Orders for nuclear fuel elements have already been received.

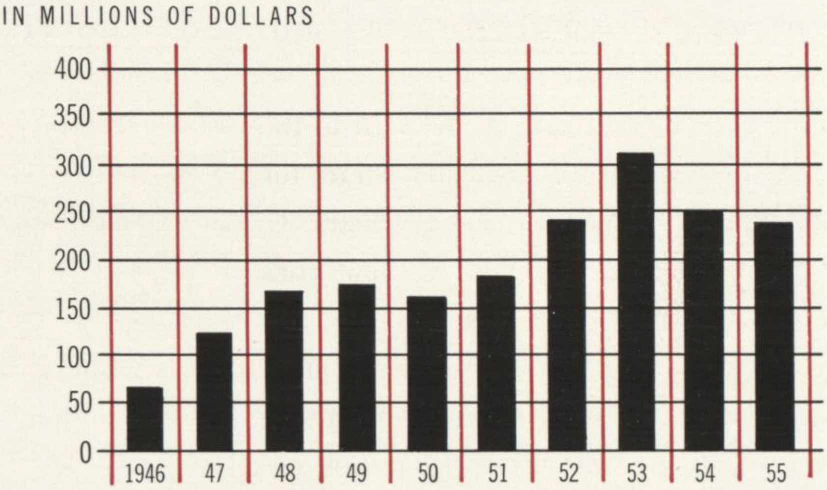
TUBULAR PRODUCTS DIVISION

The Tubular Products Division continued to improve its position as a supplier of carbon, alloy and stainless steel tubing, for both pressure and mechanical applications. In addition to its established production methods, the division is continuing to work with an extrusion process which will come into greater usefulness as the demand increases for products made from the newer metals such as titanium, zirconium, uranium, and other high alloys which contain only small amounts of iron.

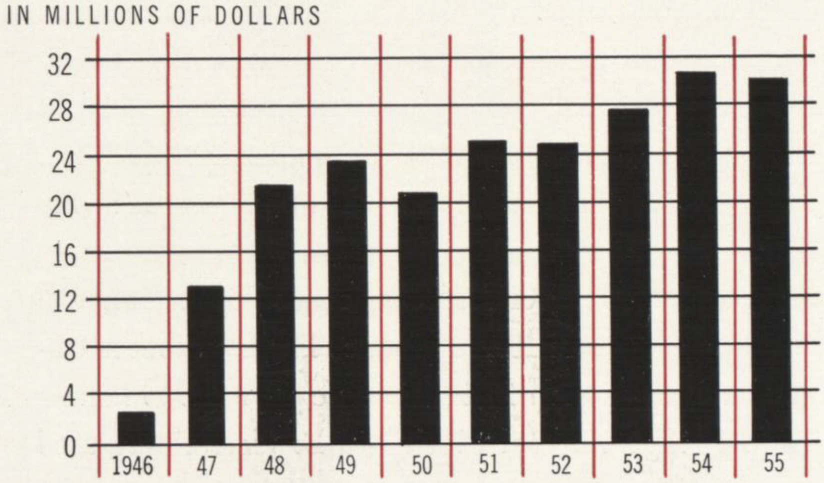
A program is under way at the division's plant in Milwaukee, Wisconsin, to increase capacity and improve efficiency. Similar programs are being carried out at the division's plants in Beaver Falls, Pennsylvania, and Alliance, Ohio.

REFRACTORIES DIVISION

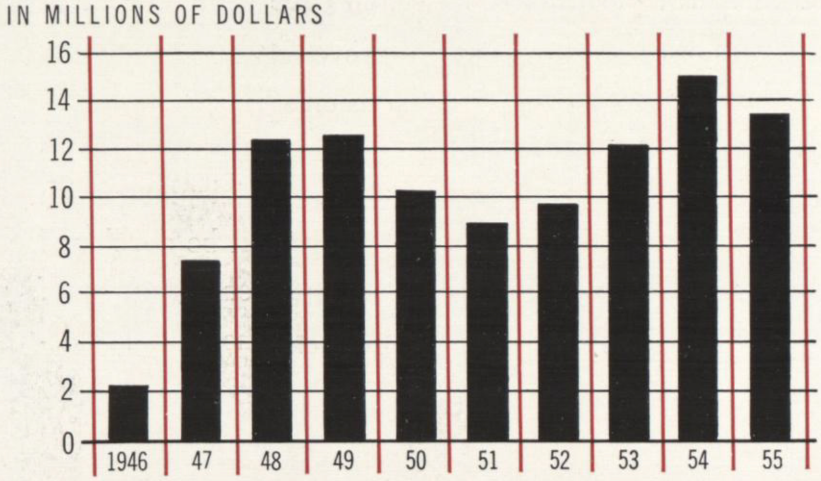
The Refractories Division has maintained its position in a highly competitive field by research to develop new products and through con-



SALES
(SHIPMENTS)



OPERATING PROFIT BEFORE INCOME TAXES



NET INCOME

tinuous improvement in the production techniques at its Augusta, Georgia, plant. This division pioneered the development of refractory concretes for high temperature uses and is now a major source of supply. In order to keep up with demand, a new production unit is being built at Augusta. The production of silicon carbide refractories is also being expanded.

RESEARCH AND DEVELOPMENT

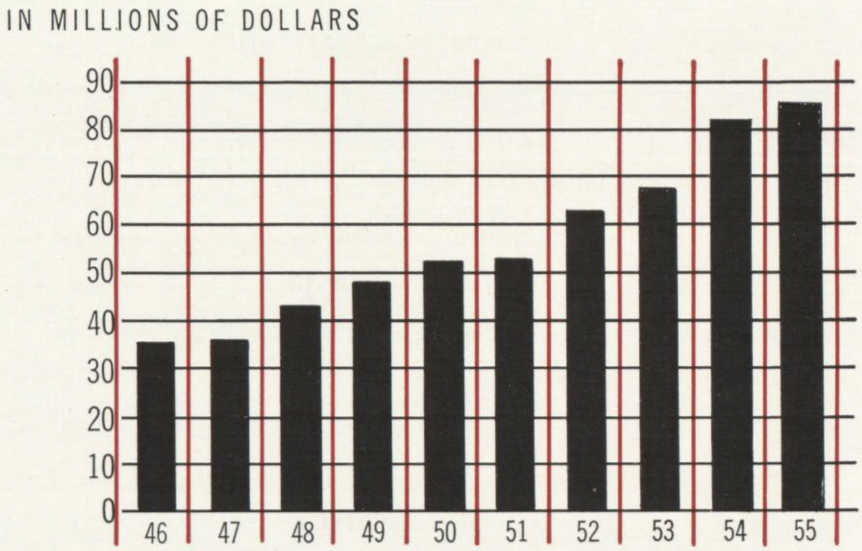
The Company's Research and Development Center at Alliance, Ohio, continued its work in product development and materials research. In the field of steam generation, investigations are being conducted along many different lines to meet present and future requirements.

A small high-pressure steam generating unit has been in operation now for two years. Very valuable information has been developed to assist in the operation of the 4,500 pound-per-square-inch full scale boiler which is now being erected at the Philo plant of the Ohio Power Company.

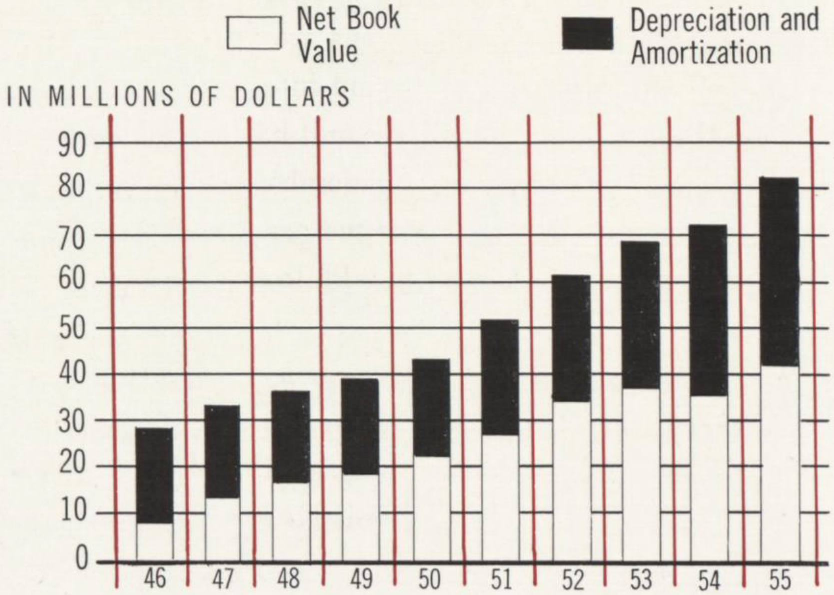
Continuous experimental work is being carried out to improve the operation of the cyclone furnace, to produce larger and more efficient oil burners, and to develop fuel burning equipment to handle the poorer grades of high-ash coal which will be increasingly used in power plants in the years to come.

Research in steam purification has led to the development of an improved steam washer which will assist in solving problems faced by various utility plants.

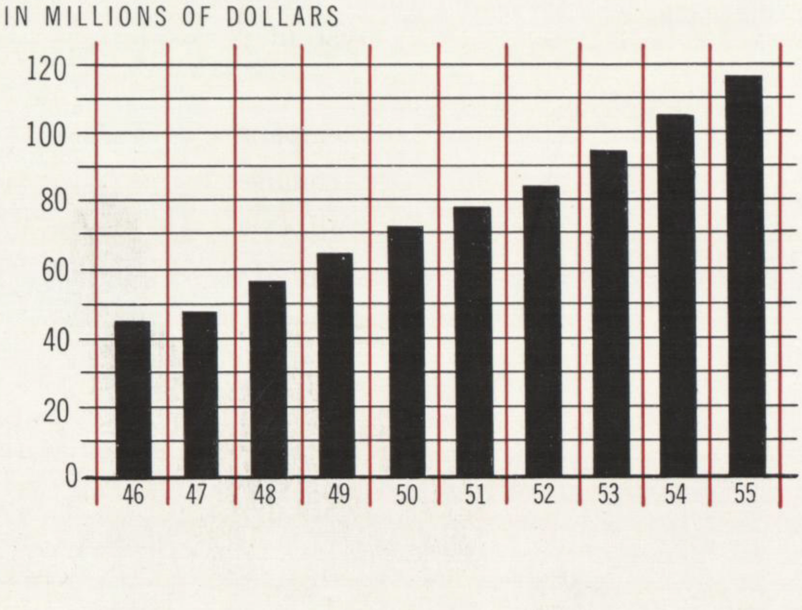
A search for new and improved high temperature alloys is always underway. Steam is now produced in commercial plants with a temperature of 1100 F. It is possible that alloys will be developed which will facilitate the production of steam at temperatures of 1200 F to 1250 F and higher. Short time testing methods for de-



WORKING CAPITAL



PROPERTY, PLANT & EQUIPMENT



STOCK–HOLDERS' EQUITY

termining the strength of these alloys have been developed so that their usefulness can be determined in less time than that required when the usual long term stress method under operating temperature is used.

Much of the work being done in the area of conventional steam power is equally applicable to atomic energy equipment. Atomic reactor internals, however, involve completely new branches of metallurgy and welding methods and the Research Center is especially active in this field.

A new welding method for the fabrication of pressure vessels has been developed which considerably speeds up the process. The laboratory phases of this project are completed and investigations are now being made on its application to production.

Research activities have two principal goals: one is to produce new inventions and the other is constantly to improve materials and processes for application to existing designs. Seldom is there a startling invention or extremely large discovery, but rather the improvements in hundreds of items provide the means for constant improvement in the Company's products and therefore in the service rendered to its customers.

THE BABCOCK & WILCOX COMPANY

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE CALENDAR YEAR 1955

(With comparative figures for the year 1954)

	1955	1954
Sales (shipments) on percentage of completion method for long term contracts	$233,291,460	$250,471,178
Costs and expenses		
Materials, payrolls, services and taxes other than U. S. and Canadian taxes on income	197,006,074	214,539,486
Depreciation of plants and equipment (includes amortization $3,086,166 in 1955 and $2,807,546 in 1954)	6,249,695	5,233,693
	203,255,769	219,773,179
	30,035,691	30,697,999
Income from and profit on sale of investments	515,781	737,053
Interest expense (deduct)	(353,995)	(579,818)
	30,197,477	30,855,234
U. S. and Canadian taxes on income	16,520,000	15,470,000
	13,677,477	15,385,234
Income applicable to minority interests (deduct)	(190,760)	(173,244)
Income for the year	13,486,717	15,211,990
Dividends declared		
Cash	4,900,623	3,111,508
5% stock dividends (81,677 shares in 1955 and 77,787 shares in 1954 at $91.46 and $57.85 per share respectively)	7,470,000	4,500,000
	12,370,623	7,611,508
Remainder added to retained earnings	1,116,094	7,600,482
Retained earnings at beginning of year	67,618,499	60,018,017
Transfer from pension reserve (no longer required following establishment of funded plans)	2,250,000	
Retained earnings at end of year (see note)	$ 70,984,593	$ 67,618,499

NOTE: The payment or declaration of cash dividends on the Company's stock is restricted under the provisions of the Note Agreements covering $10,000,000 principal amount of 3¼% promissory notes dated June 1, 1952. Pursuant to such Note Agreements, retained earnings in the sum of $38,934,000 were unrestricted at December 31, 1955.

THE BABCOCK & WILCOX COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION AT DECEMBER 31, 1955

(With comparative figures at December 31, 1954)

	Shares	1955	1954
CURRENT ASSETS			
Cash		$ 14,183,980	$ 20,120,767
U. S. Government securities, at cost		8,805,094	7,268,176
Accounts receivable		34,198,219	39,276,879
Unbilled shipments and installations, at contract prices		10,925,207	17,757,629
Inventories, at lower of cost or market		56,996,476	40,975,395
Advance payments on contracts (deduct)		(2,232,457)	(2,648,412)
TOTAL CURRENT ASSETS		122,876,519	122,750,434
CURRENT LIABILITIES			
Accounts payable		9,394,594	11,412,897
Accrued liabilities		9,044,732	9,001,609
Cash dividends payable		1,225,156	777,877
Provision for additional costs on contracts		2,802,647	4,000,000
U. S. and Canadian income taxes		15,109,311	16,588,588
TOTAL CURRENT LIABILITIES		37,576,440	41,780,971
WORKING CAPITAL		85,300,079	80,969,463
INVESTMENTS, at cost		1,600,196	1,602,631
PENSION RESERVE INVESTMENTS in U. S. Government securities, at cost			2,250,000
PROPERTY, PLANT AND EQUIPMENT (schedule attached)		40,657,196	34,289,028
PREPAID EXPENSES AND OTHER ASSETS		748,100	566,520
PATENTS		1	1
WORKING CAPITAL AND OTHER ASSETS		128,305,572	119,677,643
DEDUCT			
Fifteen-year 3¼% notes due June 1, 1967 (requiring certain annual prepayments commencing in 1957)		10,000,000	10,000,000
Reserve for pensions			2,250,000
Minority interests in subsidiary companies		1,090,979	1,049,144
NET ASSETS		$117,214,593	$106,378,499
REPRESENTED BY	*Shares*		
Capital stock, without par value authorized	3,000,000		
Issued (including 5% stock dividend paid January 1955)	1,633,541	$ 38,760,000	$ 38,760,000
5% stock dividend paid January 1956	81,677	7,470,000	
Retained earnings (see note Page 17)		70,984,593	67,618,499
		$117,214,593	$106,378,499

CONSOLIDATED STATEMENT OF PROPERTY, PLANT AND EQUIPMENT

	1955	1954
COST		
At beginning of year	$70,116,721	$67,177,084
Expenditures during year	12,641,142	3,792,258
Retired or sold during year	(542,319)	(852,621)
At end of year	82,215,544	70,116,721
DEPRECIATION AND AMORTIZATION		
At beginning of year	35,827,693	31,361,417
Charged to operations during year	6,249,695	5,233,693
Accumulated on property retired or sold during year	(519,040)	(767,417)
At end of year	41,558,348	35,827,693
Net book value	$40,657,196	$34,289,028

OPINION OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS OF
THE BABCOCK & WILCOX COMPANY:

In our opinion, the accompanying statements present fairly the consolidated financial position of The Babcock & Wilcox Company and its subsidiaries at December 31, 1955 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

New York, N. Y.
February 23, 1956

Price Waterhouse & Co.

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION AT DECEMBER 31

(In Thousands of Dollars)

	1955	1954	1953
CURRENT ASSETS			
Cash	$ 14,184	$ 20,121	$ 9,062
U. S. Government securities	8,805	7,268	1,550
Accounts receivable	34,198	39,277	43,886
Unbilled shipments and installations	10,925	17,758	20,638
Inventories	56,996	40,975	56,902
Advance payments on contracts (deduct)	(2,232)	(2,649)	(2,069)
TOTAL CURRENT ASSETS	122,876	122,750	129,969
CURRENT LIABILITIES			
Notes payable to banks			20,500
Accounts payable	9,394	11,413	12,833
Accrued liabilities	9,045	9,002	10,922
Cash dividends payable	1,225	778	741
Provision for additional costs on contracts	2,803	4,000	2,500
U. S. and Canadian income taxes	15,109	16,588	15,560
TOTAL CURRENT LIABILITIES	37,576	41,781	63,056
WORKING CAPITAL	85,300	80,969	66,913
INVESTMENTS	1,600	1,603	2,177
PENSION RESERVE INVESTMENTS		2,250	2,250
PROPERTY, PLANT AND EQUIPMENT	40,657	34,289	35,816
PREPAID EXPENSES AND OTHER ASSETS	748	566	397
WORKING CAPITAL AND OTHER ASSETS	128,305	119,677	107,553
DEDUCT			
Fifteen-year 3¼% notes	10,000	10,000	10,000
Reserve for pensions		2,250	2,250
Minority interests in subsidiary companies	1,091	1,049	1,025
NET ASSETS	$117,214	$106,378	$ 94,278
REPRESENTED BY			
Capital stock, without par value	$ 38,760	$ 34,260	$ 31,450
5% stock dividends paid January following year	7,470	4,500	2,810
Retained earnings	70,984	67,618	60,018
	$117,214	$106,378	$ 94,278

CONSOLIDATED STATEMENT OF PROPERTY, PLANT AND EQUIPMENT

(In Thousands of Dollars)

	1955	1954	1953
COST			
At beginning of year	$ 70,117	$ 67,177	$ 60,183
Expenditures during year	12,640	3,792	7,493
Retired or sold during year	(542)	(852)	(499)
At end of year	82,215	70,117	67,177
DEPRECIATION AND AMORTIZATION			
At beginning of year	35,828	31,361	27,435
Charged to operations during year	6,249	5,234	4,410
Accumulated on property retired or sold during year	(519)	(767)	(484)
At end of year	41,558	35,828	31,361
NET BOOK VALUE	$ 40,657	$ 34,289	$ 35,816

Previous Years

1952	1951	1950	1949	1948	1947	1946
$ 6,785	$ 8,324	$ 9,479	$15,336	$ 6,428	$ 7,003	$ 6,111
1,950	1,595	8,900	2,186	2,081	5,131	9,642
42,560	32,666	24,913	27,253	24,134	17,178	12,749
17,597	8,528	12,934	10,889	12,746	8,159	2,861
56,768	49,904	25,694	23,893	30,011	26,401	21,483
(13,887)	(9,381)	(3,441)	(3,544)	(6,109)	(8,590)	(4,545)
111,773	91,636	78,479	76,013	69,291	55,282	48,301
10,000	3,000					
11,240	9,197	6,182	7,563	8,540	5,976	3,705
9,085	7,675	5,949	4,813	5,115	4,206	4,624
706	706	706	2,822	705	672	
2,500	2,500	2,500	2,500	2,500	2,500	2,500
14,770	16,292	11,008	10,224	9,872	6,400	2,334
48,301	39,370	26,345	27,922	26,732	19,754	13,163
63,472	52,266	52,134	48,091	42,559	35,528	35,138
2,194	2,202	2,201	2,227	2,216	2,238	2,340
2,250	2,200	2,200	1,700	1,050	500	
32,748	26,364	20,140	17,890	15,220	12,663	8,340
505	601	378	268	229	207	200
101,169	83,633	77,053	70,176	61,274	51,136	46,018
10,000						
2,250	2,200	2,200	1,700	1,050	500	
3,739	3,240	2,879	2,587	2,009	1,529	1,290
$ 85,180	$78,193	$71,974	$65,889	$58,215	$49,107	$44,728
$ 29,097	$29,097	$29,097	$29,097	$29,097	$27,039	$17.399
2,353						
53,730	49,096	42,877	36,792	29,118	22,068	27,329
$ 85,180	$78,193	$71,974	$65,889	$58,215	$49,107	$44,728
$ 50,893	$42,889	$39,574	$36,222	$33,326	$28,914	$26,072
9,684	8,455	4,030	4,222	3,816	5,374	3,629
(394)	(451)	(715)	(870)	(920)	(962)	(787)
60,183	50,893	42,889	39,574	36,222	33.326	28,914
24,529	22,749	21,684	21,002	20,663	20,574	20,523
3,289	2,078	1,747	1,455	1,259	1,031	740
(383)	(298)	(682)	(773)	(920)	(942)	(689)
27,435	24,529	22,749	21,684	21,002	20,663	20,574
$ 32,748	$26,364	$20,140	$17,890	$15.220	$12,663	$ 8.340

NOTE: 1952 and prior figures have been restated to include subsidiaries not consolidated in the published reports for those years.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

(In Thousands of Dollars)

	1955	1954	1953
Sales (shipments)	$233,291	$250,471	$305,746
COSTS AND EXPENSES			
Materials, payrolls, services and taxes other than federal taxes on income	197,006	214,539	273,701
Depreciation and amortization	6,249	5,234	4,410
	203,255	219,773	278,111
	30,036	30,698	27,635
Income from investments	515	737	206
Interest expense (deduct)	(354)	(580)	(891)
	30,197	30,855	26,950
U. S. and Canadian taxes on income	16,520	15,470	14,190
	13,677	15,385	12,760
Income applicable to minority interests (deduct)	(190)	(173)	(699)
Provision for pension reserve (deduct)			
Refund of prior years' taxes			
Income for the year	13,487	15,212	12,061
DIVIDENDS DECLARED			
Cash	4,901	3,112	2,963
Stock—5%	7,470	4,500	2,810
	12,371	7,612	5,773
Remainder added to retained earnings	1,116	7,600	6,288
Retained earnings at beginning of year	67,618	60,018	53,730
Transfer to capital stock			
Transfer from pension reserve	2,250		
Retained earnings at end of year	$ 70,984	$ 67,618	$ 60,018

STATISTICS

	1955	1954	1953
Orders received—thousands of dollars	$317,283	$192,199	$157,255
Unfilled orders—thousands of dollars	$213,456	$129,464	$187,736
Shares issued during year (a) stock dividend (b) stock split	(a) 77,787	(a) 74,083	(a) 70,555
Shares outstanding end of year	1,633,541	1,555,754	1,481,671
Per share outstanding December 31, 1955			
Income for year	$ 8.26	$ 9.31	$ 7.38
Cash dividends declared	3.00	1.90	1.81
Stockholders' equity	71.75	65.12	57.71
Income from operations—% of sales	12.9%	12.2%	9.0%
Income for year—% Net worth first of year	12.7%	16.1%	14.2%

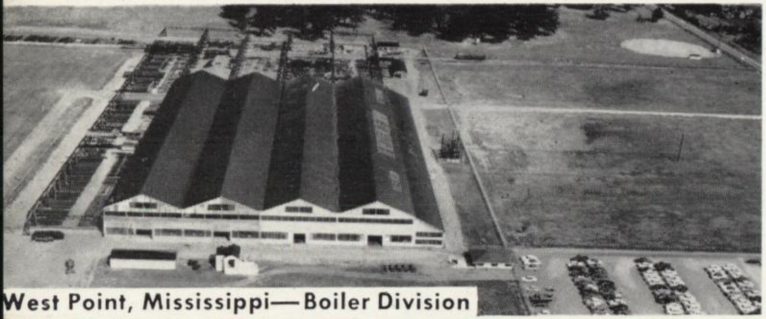
Previous Years

1952	1951	1950	1949	1948	1947	1946
$241,267	$182,025	$154,854	$170,650	$163,516	$116,403	$ 64,167
213,510	155,282	132,010	145,874	140,268	102,099	60,966
3,289	2,078	1,747	1,455	1,259	1,031	740
216,799	157,360	133,757	147,329	141,527	103,130	61,706
24,468	24,665	21,097	23,321	21,989	13,273	2,461
436	530	402	341	528	410	316
(397)	(5)					
24,507	25,190	21,499	23,662	22,517	13,683	2,777
13,750	15,598	9,992	9,438	8,768	5,272	1,090
10,757	9,592	11,507	14,224	13,749	8,411	1,687
(898)	(551)	(689)	(963)	(698)	(508)	(161)
(50)		(500)	(650)	(550)	(500)	
						620
9,809	9,041	10,318	12,611	12,501	7,403	2,146
2,822	2,822	4,233	4,937	3,393	3,024	1,176
2,353				2,058		
5,175	2,822	4,233	4,937	5,451	3,024	1,176
4,634	6,219	6,085	7,674	7,050	4,379	970
49,096	42,877	36,792	29,118	22,068	27,329	26,359
					(9,640)	
$ 53,730	$ 49,096	$ 42,877	$ 36,792	$ 29,118	$ 22,068	$ 27,329
$227,563	$319,534	$257,957	$109,019	$171,798	$157,970	$131,373
$336,227	$349,931	$212,422	$109,319	$170,950	$162,668	$121,101
		(b) 705,558		(a) 33,588		
1,411,116	1,411,116	1,411,116	705,558	705,558	671,970	671,970
$ 6.00	$ 5.54	$ 6.32	$ 7.72	$ 7.65	$ 4.53	$ 1.31
1.73	1.73	2.59	3.02	2.08	1.85	.72
52.14	47.87	44.06	40.33	35.63	30.06	27.38
10.1%	13.6%	13.6%	13.7%	13.4%	11.4%	3.8%
12.5%	12.6%	15.7%	21.7%	25.5%	16.6%	4.9%

Barberton, Ohio—Boiler Division

Alliance, Ohio—Boiler Division

Wilmington, North Carolina— Boiler Division


West Point, Mississippi—Boiler Division

Paris, Texas—Boiler Division

Brunswick, Georgia—Boiler Division

FACILITIES AND PRODUCTS

BOILER DIVISION

- Water-Tube Boilers
  - For Public Utility Power Plants
  - For Industrial Power and Process Plants
  - For Heating Plants
  - For Marine Service
- Water-Cooled Furnaces
- Superheaters
- Attemperators
- Economizers
- Air Heaters
- Pulverized-Coal Equipment
- Chain-Grate Stokers
- Oil, Gas and Multi-Fuel Burners
- Process Equipment
- Recovery Process for the Pulp Industry
- Pulverizers for Cement Materials, Rock Products and Ores
- Alloy Castings

ATOMIC ENERGY DIVISION

- Power Reactors
- Nuclear Reactor Vessels and Internals
- Nuclear Power Heat Exchangers
- Research Reactors
- Special Nuclear Test Equipment

REFRACTORIES DIVISION

Refractories for a Wide Range of Applications

Insulating Firebrick
Six grades for a wide range of temperature and service requirements

Special Firebrick
Allmul, 80 Firebrick, Junior Firebrick

Silicon Carbide
Special Shapes

Plastics; Mortars; Castables; Ramming Mixes; Calcines

TUBULAR PRODUCTS DIVISION

TUBES AND PIPE

Mechanical Tubing
Aircraft Tubing
Bearing Tubing
Dairy and Other Sanitary Tubing
Still Tubes
Boiler and Superheater Tubes
Condenser and Heat Exchanger Tubes
Pipe

Types

Seamless Tubes—hot-finished, cold-drawn, or roto-rocked

Welded Tubes—from hot-rolled or cold-rolled strip

Shapes

Round, square, rectangular, or special shapes

Grades

Carbon, alloy, and stainless steels

Fabrication

Upsetting, swaging, expanding, bending, safe-ending, and machining

EXTRUSIONS

Tubular Shapes
Solid Shapes

Grades

Standard and non-pierceable ferrous alloys and non-ferrous materials such as Titanium, Molybdenum, Zirconium, etc.

SEAMLESS WELDING FITTINGS

Elbows Returns Reducers Tees Caps
Stub Ends Flanges Saddles Laterals
Bull Plugs Nipples Crosses

Grades

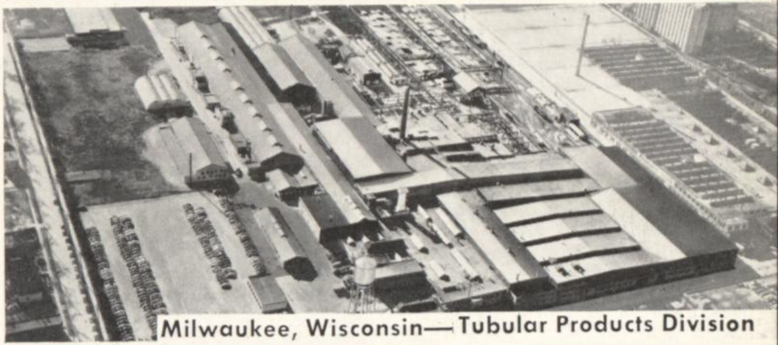
Carbon, alloy and stainless steel

RESEARCH AND DEVELOPMENT

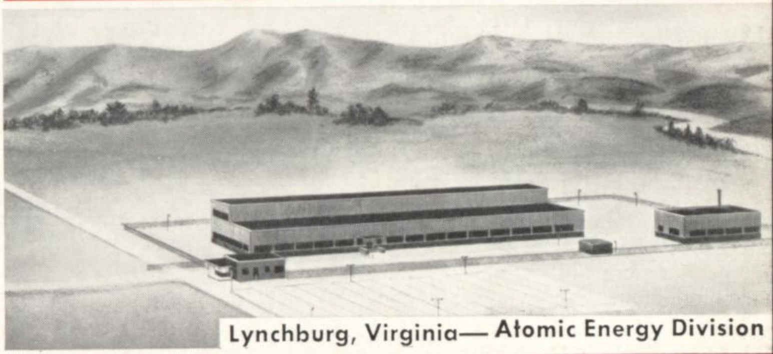
Research and Development in Combustion, Fluid Flow, Heat Transfer, Nuclear Energy, and Materials, Leading to New and Improved Company Products.

Beaver Falls, Pennsylvania —Tubular Products Division

Alliance, Ohio—Tubular Products Division


Milwaukee, Wisconsin—Tubular Products Division

Augusta, Georgia— Refractories Division


Lynchburg, Virginia— Atomic Energy Division

Alliance, Ohio—Research Center